

ACF

Administration for Children and Families

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES ACF Action Transmittal

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Office of Information Systems Management, and
Administration for Children, Youth and Families, Children's Bureau

4. Key Words:
Statewide Automated Child Welfare Information Systems (SACWIS)

TO: State Agencies Administering or Supervising the
Administration of Titles IV-B and IV-E of the Social
Security Act, and Other Interested Parties.

SUBJECT: AUTOMATION OF CHILD WELFARE PROGRAMS

RELATED

REFERENCES:

Section 13713 of the Omnibus Budget Reconciliation Act
of 1993 (OBRA 93) (Pub. L. 103-66); Adoption
Assistance and Child Welfare Act of 1980 (Pub. L. 96-
272); Statewide Automated Child Welfare Information
Systems (SACWIS) provisions under Title IV-E of the
Social Security Act at Section 474(a)(3); 45 CFR 1355
and 1356; 45 CFR 95 Subparts E, F, and G;

Adoption and Foster Care Analysis and Reporting System
(AFCARS) requirements under Section 479(b)(2) of the
Social Security Act;

National Child Abuse and Neglect Data System (NCANDS),
created in response to the Child Abuse Prevention,
Adoption and Family Services Act of 1988 (Pub. L.
100-294);

Title IV-B of the Social Security Act, Subpart 2,
Family Preservation and Support Services; Omnibus
Budget Reconciliation Act of 1993 (P.L. 103-66); 45 CFR
92.

PURPOSE: This Action Transmittal (AT) provides systems guidance
and identifies the system requirements for States
pursuing the development of a Statewide Automated Child
Welfare Information System under title IV-E. It is
intended to establish policy and supplement the intent
of OBRA 93 as interpreted through regulation, and to

provide technical assistance to States in the design, development and implementation of SACWIS.

CONTENT: This Action Transmittal contains four major sections.

- Part I is a background section which discusses the authorizing legislation, the implementing regulations, and the automated systems which support the child welfare programs, including SACWIS, AFCARS and NCANDS. (Page 3)
- Part II includes more specific agency policies related to SACWIS planning, development and implementation. (Page 4)
- Part III contains detailed information on allowable costs, and additional guidance in the areas of cost allocation and cost/benefit analysis. (Page 9)
- Part IV includes program and systems guidance on the functional requirements of SACWIS, with emphasis on State options for the degree of functionality and interfaces to other systems. (Page 17)

SUPERSEDED

MATERIAL: None

EFFECTIVE

DATE: Immediately

INQUIRIES

TO: ACF Regional Administrators

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Part I - Background

Effective statewide automated capability to support the administration of services offered under the child welfare programs is essential to enable long over-due improvements in program administration and service delivery. We believe that in pursuing automation, States can also meet their service delivery goals in improving the well being of children and families; ease the administrative duties of caseworkers and increase staff time with clients; make improvements in case practice; and provide accurate and current information to assist in decision-making and program modification. While this is an incomplete list, it recognizes that States can effectively apply technology to improve the administration and service delivery of their programs.

For many years, concerns have been raised about the lack of information available on children in foster care and their families. To address some of these concerns, Congress amended title IV-E of the Social Security Act in 1986 by adding section 479 which required the Federal government to institute a foster care and adoption data collection system. In response, requirements for an Adoption and Foster Care Analysis and Reporting System (AFCARS) were implemented under regulations at 45 CFR 1355.40. The AFCARS data will be a critical component of a broader child welfare information systems strategy, particularly when it is linked to the full range of case, staff and service resource information.

The Omnibus Budget Reconciliation Act of 1993 (OBRA 93) provided enhanced Federal financial participation (FFP) at the 75 percent rate for statewide automated child welfare information systems to carry out the State's programs under titles IV-B and IV-E of the Social Security Act. This funding is available for the period October 1, 1993 through September 30, 1996 for the planning, design, development and installation of statewide systems which:

1. meet the requirements imposed by regulations promulgated pursuant to section 479(b)(2) (i.e., AFCARS);
2. to the extent practicable, are capable of interfacing with the State data collection system that collects information relating to child abuse and neglect;
3. to the extent practicable, are capable of interfacing with, and retrieving information from, the State data collection system that collects information relating to the eligibility of individuals under title IV-A; and

4. are determined by the Secretary to be likely to provide more efficient, economical and effective administration of the programs carried out under a State's plans approved under title IV-B or IV-E of the Act.

These provisions of OBRA 93 were implemented through an interim final regulation published in the Federal Register on December 22, 1993. The requirements for receiving enhanced funding for the development and implementation of a Statewide Automated Child Welfare Information System (SACWIS) are specified in 45 CFR 1355.50 - 1355.57. These regulations describe a comprehensive statewide system which complies with the legislatively-mandated requirements of OBRA 93, and which will improve the programs under titles IV-B and IV-E by providing effective automated capability to support the administration of services under these programs.

Part II - SACWIS Policies

This section addresses more specific agency policies related to SACWIS planning, development and implementation.

Eligibility for Enhanced Funding Under SACWIS

SACWIS is authorized as a part of title IV-E of the Social Security Act, which provides funds to all States and the District of Columbia. Insular areas are not included in title IV-E, and Puerto Rico is subject to a financial cap in the Social Security Act which precludes it from claiming additional funds under SACWIS. The 50 States and the District of Columbia are therefore the only jurisdictions eligible to receive enhanced funding under these provisions.

Title IV-E funds (e.g., foster care maintenance payments, administrative costs, training for staff and for foster care and adoptive parents) may be "passed through" by States to entities with which they have agreements to perform some or all of the functions of the State title IV-E agency. Expenditures for such purposes are eligible for reimbursement under title IV-E as if they were expended by the State agency itself. The claims are submitted to ACF only by the State, not by any entity with which the State has an agreement. Typically, these entities are Indian Tribes and private, non-profit social service agencies. Expenditures under SACWIS may be claimed for the eligible State agency and for entities with which it has title IV-E agreements, so long as the claims are for otherwise allowable costs.

Time Limits on Enhanced Funding

The three year window for claiming enhanced funding under title IV-E does NOT mean that the project must be completed prior to the expiration of enhanced funding or September 30, 1996. Even though projects may not be completed within this time, the statute and regulations are clear that expenditures after this date are no longer eligible for enhanced funding.

Statewide System

In order to be considered statewide, the system must operate uniformly as a single system (including the application software) in all areas of the State. Furthermore, a statewide system must encompass all political subdivisions which administer programs provided under title IV-E. For the system to be considered statewide:

- ◆ there must be a single set of application software which is uniformly used by all geographical subdivisions in the State;
- ◆ there shall not be any duplicative application software (i.e., the same function may not be performed by different software modules);
- ◆ there shall only be a single system development and maintenance effort;
- ◆ there shall not be any duplicate data entry (i.e., common data element contained in more than one component should only be entered once and updates to common elements made automatically in all components); and
- ◆ all system components shall be electronically linked, with the linkage transparent to the users.

In some cases, a statewide system may interface with another system(s) to perform required functions (e.g., a State financial system to issue and reconcile payments). The APD must include a narrative to describe how SACWIS will link to other systems to meet the functionality required in the SACWIS regulation.

Phased Implementation and Early Installation of Equipment

Regulations at 45 CFR 1355.53(f) provide for the design, development and installation of SACWIS on a phased basis, in order to allow States to implement AFCARS requirements expeditiously, as long as the approved APD includes the State's plan for full implementation of a comprehensive system which will fulfill all SACWIS requirements, and a system design which will support these enhancements on a phased basis.

Phased project approaches may allow States additional flexibility in meeting the AFCARS and SACWIS regulations. They may also allow for the building of an information infrastructure and cultural change management necessary for a population of workers and managers who may have never been exposed to automation. It is likely that many States will choose a phased approach in building their automation base.

While we realize that many States have expressed great interest in acquiring hardware immediately to take better advantage of enhanced funding, it is not our intent to approve enhanced FFP for early installation of equipment that will not be utilized until the application software is complete, nor to provide enhanced funding solely for the installation of local office automation (hardware and software) which would normally be funded only at the regular FFP rate.

However, because the SACWIS legislation provides a limited window of opportunity for States to plan, develop and begin to implement their systems, we understand that States may need to initiate some activities such as equipment installation and training while the application software is still under development. This approach would allow the roll-out of the system on a phased basis, in which workers would begin to use some of the planned functionality of the system, while additional modules or components are not yet available. In this way, States may begin to accrue some of the benefits of the planned automation relatively early in the process; these may include time- and labor-saving capabilities such as word processing and electronic mail, as well as enhanced data collection capability which will enable States to comply with the AFCARS reporting requirements.

States must justify their approach if they plan to install equipment more than three months prior to the operational use of SACWIS in a geographical area. This justification must be included as part of the APD, and should examine the costs/benefits of the equipment acquisition, as well as the possible design limitations such a plan might have on the eventual system. In their APDs, States must clearly demonstrate that pursuing this approach represents both an economic and qualitative advantage for the State. In presenting this analysis, States should ensure that early installation does not limit the design parameters of the future system and that the selected equipment will satisfy the system requirements through the system's expected life. We do not intend to pay for replacement of hardware initially funded with enhanced FFP should States discover that hardware acquired under an early installation is technically obsolete once the SACWIS is operational.

Approval of early equipment acquisition will be contingent upon the approval of a final Implementation APD for the entire SACWIS project, including a complete cost/benefit analysis for total project costs, and the implementation of a comprehensive child

welfare information system which meets all requirements at 45 CFR 1355.53. In accordance with 45 CFR 1355.56, the State's failure to meet these conditions may result in the recoupment of all Federal incentive funds that exceed the normal administrative FFP rate.

Use of Equipment

Equipment may only be funded with title IV-E funds if it is for full time use by State agency employees responsible for providing title IV-E or title IV-B services offered by the designated State agency. Tribal employees, volunteers, and contract or private employees that replace or supplement designated State agency's employees for the provision of these services are, for the purpose of funding the cost of equipment installed for their use, considered State agency employees. (Please refer to above section entitled "Eligibility for Enhanced Funding Under SACWIS".)

For example, if a State agency utilizes a private agency to operate a central intake facility, or administer the foster care caseload in one or more jurisdictions, the cost of equipment for these contracted employees would be eligible for enhanced FFP. In this example, if the equipment is used for other purposes, the cost must be prorated based on the time used for State agency related activities.

Use of System/Application

Within legal parameters, the State agency may allow non-State agency staff (e.g., service providers, courts, non-State agency staff who provide State agency services) to have access to and utilize the statewide application. The application may not be modified to meet the unique needs of such users. Expenditures for any additional functions, processes, reports, data elements or requirements must be allocated to and supported by the non-State agency user.

As with any system access, the State should take necessary precautions to comply with the safeguarding of data and confidentiality provisions addressed elsewhere in this transmittal. Use agreements with any third parties are encouraged, but at the State's option. Use of the system for purposes other than those related to the IV-E or IV-B programs should comply with applicable State and Federal law.

Hardware Depreciation and Expensing

Recently, HHS and the Food and Nutrition Service published changes to our information technology policies that affect the cost thresholds for prior approval and the depreciation or expensing of equipment/hardware having a useful life of more than one year and with a unit acquisition cost of less than \$5,000 (Action Transmittal AT-94-5, dated July 22, 1994). Since SACWIS projects involve **enhanced** funding, and the AT discusses changes to the prior approval thresholds for **regular** match projects, those provisions do not apply for States pursuing enhanced funding under SACWIS. Changes in depreciating equipment, however, do apply. Please refer to Transmittal AT-94-5 dated July 22, 1994 for the details on these policy changes. To request a copy, contact your ACF Regional Office.

These recent policy changes should allow States to expense a large portion of the hardware necessary for SACWIS; however, there will still remain hardware with a unit acquisition cost of greater than \$5,000. For equipment that falls into this category, the State must either depreciate or charge use allowance for the cost of the equipment over its useful life, and in accordance with statewide accounting practice. APDs should identify all hardware that will be acquired for a SACWIS project and identify what will be expensed versus what must be depreciated. Acquisitions must be included as part of an approved APD in order for the State to expense **any** hardware for which they intend to claim enhanced funding.

Due to the time limit on the availability of enhanced funding for SACWIS, the FFP rate applicable to either expensed or depreciated hardware is dependent upon the period in which the expenditure occurs. For purposes of determining the applicable FFP rate for these expenditures, the date of the expenditure (or the quarter to which the expenditure is allocated under either a cost allocation plan or a depreciation schedule) is the controlling factor. Therefore, for States using depreciation or use allowance, the portion of the depreciation or use allowance allocated to and claimed for the period beginning on October 1, 1993 and ending on September 30, 1996 will be eligible for Federal funding at the 75 percent FFP rate; the remaining portion of the depreciation or use allowance beyond that date will be eligible at the 50 percent FFP rate.

System Reviews - Certification

ACF will conduct periodic reviews to assess the State's progress in developing the comprehensive statewide system described in its approved APD. These reviews will be conducted on an as-needed basis. During planning, development and installation, these reviews will generally be limited to the overall progress, work performance, expenditure reports, system deliverables and supporting documentation. We will

assess the State's overall compliance with the approved APD and provide technical assistance and information sharing from other State projects.

Due to the variation among State child welfare programs and the flexibility allowed by the SACWIS regulations, there will not be separate, standardized certification requirements published for SACWIS as were issued for FAMIS and Child Support Enforcement systems. Although there is no requirement for a specific certification review, once a system is operational, ACF may conduct a project closeout review to ensure that all aspects of the project, as described in the approved APD, have been adequately completed. The basis for the closeout review will be the implementing regulation, the State's approved APD, this Action Transmittal, and any additional policy guidance provided to the State. However, the review may not be conducted on site nor will it necessarily be conducted at the time the system becomes operational. Therefore, States that utilize contractor assistance in the development of their system should not link final acceptance or payment to an ACF certification review. States should instead include more appropriate provisions related to final system acceptance by the State, based on previously determined contract standards.

Part III - Allowable Costs, Cost Allocation and Cost-Benefit Analysis

This section contains detailed information on allowable costs (at both the enhanced and regular funding rates), and additional guidance in the areas of cost allocation and cost/benefit analysis.

Training

Costs related to the instruction provided to system users on the operation and effective use of the State's SACWIS, as well as any technical training provided to systems staff relative to the development, implementation or operation of the system hardware and software may be considered as system costs under the SACWIS enhanced funding provisions. We make this distinction between SACWIS training and the administrative or program training provided to workers or managers under existing title IV-E training rules.

In general, costs for training activities that are directly related to the design, development and installation of the system are eligible for enhanced funding under the SACWIS provisions. This includes costs for system project staff, technical training for system operators, and all costs associated with the training staff who will participate in the implementation of the system by training the workers and management staff who

will use the system. This does not include costs for user staff to attend or participate in training.

However, training costs for State agency staff and any staff or volunteers who are performing AFCARS or SACWIS related functions/activities which are the responsibility of the State agency may be charged to title IV-E training and are, therefore, reimbursable at 75 percent matching. This includes staff who develop, implement, monitor and maintain the system as well as those who use it. Provided that the training is solely AFCARS or SACWIS related, it may be directly charged to title IV-E training.

While most training costs will be incurred during the development and implementation phases, States should also consider ongoing training needs for new workers in developing comprehensive system training plans. The State's jointly developed title IV-B State Plan must include a narrative describing the State's training plans. The State's APD should include a narrative describing the State's training strategy, and distinguish between activities funded under the SACWIS provisions and under regular title IV-E training.

The following training activities are eligible for FFP at the enhanced rate under the SACWIS provisions:

- salaries, fringe benefits and travel of program and system project staff involved in the planning, design and development of training plans and materials;
- training of trainers;
- system resources needed to support the training effort; and
- salaries, fringe benefits and travel of trainers to conduct user training.

The following training activities are eligible for FFP at the 75 percent matching rate under the title IV-E training provisions:

- planning, design and development of training plans and materials;
- training of trainers;
- system resources needed to support the training effort;
- training of users;
- training sites;
- remedial training; and
- on-going training once the system is operational.

All training done for AFCARS or SACWIS and claimed under title IV-E training costs must be in accordance with the regulations at 45 CFR 1356.60(b) and 45 CFR 235.64.

NOTE: States must ensure that any charges claimed at 75 percent for IV-E training costs or at 75 percent under SACWIS are not also claimed at 50 percent for title IV-E administrative costs.

Conversion

Conversion is the set of activities designed to transfer data from one or more old systems (either automated or manual) to the new system. These activities include writing and running computer programs that extract data from an existing system(s) and loading it into the new system (automated conversion); manual data entry (including new data fields); or a combination of both automated and manual data transfer activities. The Implementation APD must include a narrative describing the approach to case conversion and how this will ensure the validity of data as well as a successful SACWIS transition.

Conversion is considered part of system installation and is reimbursable at the enhanced rate for the following:

- only automated processes and data keying activities;
- when conversion occurs as part of client review, only a fixed amount of time per case equalling the amount determined to represent the manual keying of data;
- one month of conversion activities once conversion starts in a geographic subdivision of a State; and
- actual input of clean data into an automated format or for automated conversion from existing systems.

Enhanced funding is NOT available for all conversion activities. States may only claim regular match for the following:

- N any conversion activity remaining in a geographic subdivision after one month; and
- N data purification and case file preparation, which are considered operational activities.

Costs NOT Eligible for Enhanced FFP

The State may not claim enhanced funding under title IV-E for activities related to the following:

- N ADP furniture for users (e.g., tables, chairs, desks, partitions);
- N Equipment repair or maintenance;
- N Replacement of equipment acquired under an early installation with enhanced funding;
- N Interim system development/modification which will be replaced by SACWIS;
- N Expenditures prior to October 1, 1993 or after the expiration of enhanced funding on September 30, 1996;
- N Functionality or activities mandated by a court or State which exceed Federal requirements, unless specifically approved by ACF;
- N Operational costs incurred prior to the completion of statewide implementation;
- N The administrative costs of overtime or replacement staff hired to maintain the workload of staff assigned to the project or who are in training;
- N Contractor and State resources to support the system's operation once post-pilot conversion begins (e.g., help desk activities, system enhancements, warranty work, or maintenance agreements);
- N Telecommunication costs for operational equipment not being used for development or implementation activities;
- N Workstation supplies; and
- N Administrative costs which are otherwise considered operational, such as those related to office space, office equipment, telephones, furniture, or supplies.

Allowable costs which are not eligible in accordance with the enhanced funding provisions may be claimed by the State at the regular match rate according to an existing cost allocation plan.

Costs NOT Eligible for FFP

The State may not claim **any** title IV-E FFP for activities related to the following:

- N Duplicate functionality to support other programs (e.g., titles IV-A or XIX);
- N Training of non-State agency staff;
- N Equipment for non-State agency staff;

- N Unique functionality developed to support juvenile justice, adult protective services, courts, institutional staffs, providers and other programs outside titles IV-E or IV-B programs;
- N Multiple interfaces to similar entities (e.g., courts, providers); and
- N Functionality or activities that are unique to a geographical area.

Cost Allocation

The legislation and implementing regulations provide that all expenditures of a State necessary to plan, design, develop, install and operate a SACWIS may be treated as necessary for the proper and efficient administration of the State plan "... without regard to whether the systems may be used with respect to foster or adoptive children other than those on behalf of whom foster care maintenance payments or adoption assistance payments may be made under part IV-E of the Act." This provision eliminates the need for States to allocate system costs on the basis of the relative size of the title IV-E and non-title IV-E caseload to be served by the system. However, a State must continue to include in its APD a proposed methodology for allocating costs when the system includes programs other than those carried out under the State's plan approved under titles IV-B and IV-E. This section gives general guidance in developing and applying this cost allocation methodology to SACWIS projects.

A. SACWIS Planning, Development and Installation

States use a range of factors when developing a cost allocation methodology for a systems project. Often, factors considered in cost allocation methodologies take different forms such as: analyzing system data elements; evaluating the specific functions to be programmed into the system; examining the caseloads of the programs to be served; projecting the level of effort in the design or programming activity; examining equipment utilization statistics measured on past projects with a similar size and scope; or random moment sampling of caseworker activity. Since there is no preferred or best method, it is the State's responsibility to develop a methodology using factors that they believe most accurately reflect Federal and State program shares to appropriately and equitably allocate project costs, and to describe this methodology as part of the APD submitted for ACF approval.

Regardless of what factors are considered in a State's methodology, the following guidance shall apply:

1. If a factor exclusively benefits the programs funded under titles IV-E and IV-B (including foster or adoptive children other than those receiving

foster care maintenance or adoption assistance payments), the cost may be "direct charged" in full to title IV-E.

2. If a factor is necessary for and primarily benefits the programs under titles IV-E or IV-B:
 - a. and without further modification it benefits other child welfare related programs (e.g. juvenile justice, State-administered juvenile institutions, or adult protective services), the cost may be charged in full to title IV-E.
 - b. but requires modification for other child welfare related programs beyond what is required for titles IV-E and IV-B, the cost of modification must be allocated to the benefitting programs and cannot be charged to title IV-E.
3. If a factor supports but does not exclusively or primarily benefit the programs under titles IV-E or IV-B, the cost must be allocated among all benefitting programs. An example of this situation would be factors pertaining to the determination of eligibility for an Income Maintenance Program (e.g. AFDC, Emergency Assistance, Food Stamps, or Medicaid). While the determination of eligibility for such benefits is clearly linked to the provision of services to children and families under titles IV-E and IV-B, it is not reasonable to allocate the cost of developing eligibility sub-systems or modules to title IV-E as the primary benefitting program under these provisions. In this case, the cost must be allocated between title IV-E and the other benefitting eligibility programs. Given this circumstance, States may consider the relative sizes of the total eligibility caseload compared to the total child welfare caseload, as a basis for determining allocation of costs.
4. If a factor exclusively benefits any other single program, the cost must be "direct-charged" in full to that program at the appropriate FFP rate.
5. If a factor benefits two or more programs, ***and not those administered under title IV-E or IV-B***, the costs must be allocated appropriately to these other benefitting programs.

B. SACWIS Equipment

Equipment acquired solely to support the activities of State or contract staff administering the programs under the approved State plan under title IV-B or IV-E may be charged to title IV-E. Equipment which is acquired to support other individuals or programs must either be direct-charged to the other agency or program, or allocated among all appropriate funding sources, dependent upon whether the equipment is used partially for the programs under titles IV-E or IV-B. If equipment costs are to be partially allocated to title IV-E based on the fact that its use is shared among various programs, the State must propose a cost allocation methodology that accurately reflects its projected usage. (Please refer to the section entitled "Use of Equipment" for additional guidance.)

C. Central Data Processing Facilities

In States where the agency acquires resources from a central data processing (CDP) facility, costs at the applicable matching rate must be charged in accordance with an approved cost allocation plan, normally based on the percentage of use by each agency utilizing the equipment. Equipment acquired for, or dedicated solely to SACWIS operation and support, consistent with the cost allocation principles outlined above, may be charged to title IV-E at the applicable FFP rate. We view this as unlikely in most instances and would normally expect that equipment acquired to support a central data processing unit will be cost allocated among the agencies using the equipment. Equipment and services acquired to support CDP facilities are subject to the prior approval thresholds set forth in 45 CFR 95, Subpart F.

D. SACWIS Operations

The Division of Cost Allocation (DCA) will approve cost allocation plans for operational costs. States may solicit the input of both DCA and the ACF Regional Office prior to making modifications to operational cost allocation plans.

Cost/Benefit Analysis

Regulations at 45 CFR 95.605(2) require that a State's Implementation APD shall include a cost/benefit analysis. Such analyses support the State's decision-making process and provide baseline information for measurement of the success of the system selected. The cost/benefit analysis should also reflect the impact on the different funding sources of a project consistent with the cost allocation methodology presented in the APD. States are reminded that the cost/benefit analysis presented as

part of their APD must be consistent with the conditions in the regulation in providing for more efficient, effective, and economical administration of the title IV-E and IV-B programs. If the cost/benefit analysis submitted as part of the APD does not support this, we will closely examine the level of automation proposed by the State.

Cost/Benefit Analysis Scope and Content

The information submitted in a State's cost/benefit analysis must be adequate for ACF to determine whether the State conducted a study which is thorough, consistent, detailed, reasonable, and well documented; if the status quo and alternatives were evaluated over the systems life, including the planning phase; if net benefits or costs, benefit/cost ratios and breakeven points were calculated in a suitable manner; if a reasonable baseline has been established against which actual benefits and costs will be measured; and how the State plans to measure the costs and benefits over the system life. The role of any contractors used in system development should be reflected in terms of projected contract dollars to be used (Federal and State funds).

At a minimum, cost/benefit analyses should contain the following information:

- ◆ An executive summary with:
 - The alternatives considered, including the status quo;
 - The comparative costs and benefits of each alternative;
 - The reasons for selection of the chosen alternative;
- ◆ A narrative description of the costs and benefits over the system life and how they were derived and projected, and how they will be measured, and
- ◆ Cost and benefit spreadsheets.

Cost Avoidance

A cost avoidance factor can be claimed if a probable, future expenditure will be avoided due to the development and operation of SACWIS. The State must provide information to document and justify its position on cost avoidance (e.g., document that existing staff or the need to hire additional workers will be eliminated).

Performance Measures

While we realize that for SACWIS projects the qualitative benefits of any system may outweigh the quantifiable benefits, States are encouraged to include ALL of the potential benefits attributable to a system in their APDs. During the course of SACWIS

planning and development, ACF will work with States to verify their self-determined, self-assessed quality improvements to the child welfare program. This effort will ultimately assist us in evaluating the success of the SACWIS project from a performance measurement standpoint.

Cost/Benefit Reporting

Reporting begins no later than the point at which project operations commence, whether on a pilot basis or a phased approach. Such reporting will continue for 2-5 years after statewide operation until the Department determines projected cost savings have been achieved. Once reporting begins, the information submitted must reflect costs and benefits for the entire system life, including planning and development. States must begin to prepare for compliance with this requirement at project inception.

Additional Guidance

For additional information, States should refer to the ACF publication entitled Feasibility, Alternatives, and Cost/Benefit Analysis Guide, dated July 1993, and the Companion Guide, dated July 1994. ACF is planning to provide more detailed guidance to States in the area of cost/benefit analysis for the child welfare programs, including specific SACWIS case studies.

Part IV - SACWIS Functional Requirements and General Program and Systems Guidance

Degree of Functionality

At a minimum, the SACWIS must include the functionality described in 45 CFR 1355.53(b) and (g). In addition, a State may also receive enhanced funding for including in the automated system the functions described in 45 CFR 1355.53(c) and (d). Additional functionality, beyond what is defined in the SACWIS regulation, may be funded at the enhanced rate if the State can demonstrate that it will provide more efficient, economical and effective administration of the programs administered under titles IV-B and IV-E. Further, to be eligible for enhanced funding, the added features may not duplicate functionality included in an existing system to which an interface is required. The justification and request to fund additional functionality at the enhanced rate must be included and approved in a State's APD.

In order for ACF to provide enhanced funding for these automated features or functions, the State's APD justification must indicate that each feature/function is:

- ◆ cost beneficial;
- ◆ integrated as part of the statewide system;
- ◆ operational statewide; and
- ◆ installed and maintained under the State IV-E/IV-B agency control.

In some instances, States may elect to use state-of-the-art automation approaches that exceed the requirements of the regulations or this transmittal. Enhanced funding is not available for automated features or capabilities which are not directly related to and necessary for the provision of services under these programs. Examples of such technology may include imaging, interactive video conferencing and voice-activated processing. In order for ACF to approve funding for such state-of-the-art features at the regular FFP rate, a State must demonstrate that the expenditure of funds for the acquisition is reasonable, necessary, and cost-effective.

Quality Assurance

It is essential that information systems developed under the SACWIS regulations incorporate automated quality assurance measures, processes, and functions. One aspect of quality assurance is to ensure the completeness, accuracy and consistency of critical data. In order to better assure validity and accuracy, however, SACWIS should be designed to support/enforce good case management practices as well as provide the capability for profiling pertinent case file characteristics and outcome measurements. We believe a system designed with these quality assurance features will facilitate informed decision making and program planning.

We are providing the following guidelines so that States can ensure that SACWIS projects are meeting the quality assurance requirements of the regulation.

The SACWIS should provide appropriate edits, range checks and prompts for critical or incomplete data. Critical data are defined as anything required for State or Federal reporting or audit (e.g., AFCARS data, child welfare program and eligibility reviews).

The SACWIS should provide for a review of case files for accuracy, completeness and compliance with Federal requirements and State standards, including procedures for appropriate supervisory oversight and authorization.

The system should allow for random sampling, based on variable characteristics, for audit purposes. The system should be capable of recording

and tracking the results of an audit, as well as any necessary corrective actions identified.

The system should facilitate the establishment and tracking of outcome measures by program managers, and support trend analysis of results.

The system should generate summary management reports on client demographics and needs. The system should produce reports on the length of time in foster care categorized by identified service needs and services provided.

The system should track referrals and all required time sensitive actions for title IV-B and IV-E related cases, such as initial and ongoing Administrative Case Reviews, investigations, and time sensitive treatment and service plans. At the point a required action is delayed beyond a Federal, State, or court mandated time frame, the system should alert line, supervisory and management staff, when appropriate.

In cases where a reviewer enters information on an apparent problem of abuse or neglect in a foster home, the system should automatically request an investigation and track the case to ensure its completion.

The system should maintain and link variable and static data used to determine eligibility for title IV-E payments. The system should also establish data entity relationships between providers, clients, and payments.

The SACWIS (or separate financial system) should account for appropriate financial reconciliation of payments including overpayments and recovery by occurrence.

The system must capture and transmit all known cases in the AFCARS report, including cases with incomplete information or untimely actions.

The system should contain all data necessary to effectively manage a case, and should be able to track a child across multiple occurrences and/or cases.

Interface Requirements

Title IV-E funding is available for the required or optional interfaces up to the point that another system requires modifications. Any modification to an existing system to support an interface with a SACWIS (optional or required) must be funded by the programs that support the system to which the interface is being established.

While we believe that the required interfaces are critical to the overall effectiveness of a SACWIS, the statute allows States the possibility of receiving enhanced funding even if one or more of these interfaces are not developed. To this end, the requirement to develop the mandatory interfaces was limited to the extent that it was "practicable." Furthermore, the Interim Final Regulation defined "practicable" to mean that the interface requirement need not be met if the responding system is not capable of an exchange or where cost constraints render such an interface infeasible. Should either the responsible State program office or other funding source deny a request to modify an existing system in order to support an interface, the State would also be able to demonstrate that the interface was not practicable. In any case, title IV-E funding will not be approved for the SACWIS side of an interface when the corresponding system is not able to reciprocate.

Enhanced title IV-E funding may not be used to design, develop, modify or install other systems, nor is FFP available (enhanced or regular) to develop functionality in a SACWIS when it duplicates functionality which already exists in other State system(s) to which an interface is required. For example, title IV-A eligibility should be determined in the existing IV-A system through the required interface. Likewise, Medicaid eligibility should be determined, tracked and providers paid through the existing title XIX system(s). An APD which describes a system which duplicates existing functionality would not be deemed likely to provide more efficient, economical and effective administration of the programs, as required by the statute.

Each of the programs supported by the systems which require an interface to SACWIS are intricately related to the title IV-E programs. In most circumstances, the State child abuse and neglect system serves as the point of entry to title IV-E services. We believe that this linkage is so critical that we are encouraging States to integrate the State child abuse and neglect system into SACWIS. Title IV-A eligibility is a determining factor in title IV-E eligibility. The title IV-D interface requirement reflects a similar mandate in the Child Support program requirements. Additionally, we believe that an effective interface between the SACWIS and the title IV-D system will not only increase child support collections, thus contributing to the cost effectiveness of the child welfare system, but will also assist in the reunifications and permanent placement of children with formerly absent parents. Finally, the vast majority of the children receiving services in these programs are eligible for title XIX services and therefore, an effective interface should reduce the administrative costs to that program. For the four required interfaces, we believe that an electronic interface will be far more effective than redundant data entry to multiple systems.

Funding for the optional interfaces is contingent on the overall cost effectiveness of the State's design and the appropriate use of automation. For interfaces to entities which may operate several independent systems (e.g., courts, providers), the State may

develop a standard interface for the exchange of information. To the extent that such an interface is cost effective, the SACWIS part of it may be funded with enhanced funds. As with the limits on duplicate functionality, ACF will not fund the development of multiple interfaces to common entities. For example, a SACWIS which proposes seven or eight different interfaces to courts will NOT be cost effective. Development of a single, comprehensive SACWIS court interface that can accommodate the necessary exchange of data between SACWIS and multiple entities (in this example: courts), would be acceptable and eligible for enhanced funding.

Alternative Approaches

In order to promote new and innovative strategies for the use of information technologies, we will consider alternative approaches to the design, development and/or implementation of a State's SACWIS. Alternative approaches may include overall design requirements, interface specifications or additional functionality. The State must demonstrate through the cost benefit analysis included in its Advance Planning Document that the resulting SACWIS will provide more efficient, economical, and effective administration of the programs administered under titles IV-B and IV-E. The Federal financial participation rate for the costs associated with the alternative approach will be determined at the point the proposal is considered.

Confidentiality

Federal statutes and regulations allow, and in many instances require, designated State agencies to disclose confidential information to other State Agencies for the purpose of administering other Federal programs. Therefore, subject to the restrictions of the Child Abuse Preservation and Treatment Act (CAPTA), Federal confidentiality rules are not an obstacle to the development of effective electronic interfaces to the systems used to administer the title IV-A, IV-D and XIX programs.

- ◆ Sections 402(a)(9) and 471(a)(8) of the Social Security Act (the act) delineate the confidentiality requirements for title IV-A and title IV-E. Those sections indicate the State must provide safeguards which restrict the use or disclosure of information concerning applicants or recipients to purposes directly related to the operation of the programs administered under titles I, IV-A, IV-B, IV-D, IV-E, IV-F, X, XIV, XVI, XIX, XX and any other Federal or federally-assisted program which provides assistance, in cash or in kind, or services, directly to individuals on the basis of need.
- ◆ Section 422(b)(2) of the Act requires the State to coordinate the services provided for children under title IV-B and the services and assistance provided

under titles XX, IV-A, IV-E and other programs which provide welfare and related services which promote the welfare of children and families.

- ◆ Section 454(4)(B) of the Act requires the State to secure child support payments for children for whom the State is making foster care maintenance payments.
- ◆ Section 1902(a)(7) of the Act requires that the State restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of the medical assistance plan. Furthermore, section 1902(a)(10)(A) requires the State to provide title XIX services to all individuals who are receiving aid or assistance under the State's title IV-A or IV-E plans.
- ◆ While section 107(b)(4)(A) of the Child Abuse Prevention and Treatment Act (CAPTA) limits the disclosure of information concerning child abuse or neglect involving specific individuals to persons or entities that the State determines have a need for such information directly related to the purpose of CAPTA, it does not preclude a properly controlled interface between the SACWIS and other State systems.

Considering the clear direction provided in Federal statutes for sharing information among these programs, these confidentiality requirements are not an appropriate rationale for a State's inability to pursue effective interfaces. State agencies administering these programs are strongly encouraged to eliminate local and organizational barriers to facilitate the effective exchange of information necessary for delivering services to common customers.

**STATEWIDE AUTOMATED CHILD WELFARE INFORMATION SYSTEM
PROGRAM/SYSTEM FUNCTIONS**

Functions with an asterisk (*) are those that have been determined to be critical functions in meeting the minimum requirements specified in 45 CFR 1355.53(b), which should be either part of the integrated child welfare information system or support the child welfare system through an automated interface.

I. INTAKE MANAGEMENT

This function consists of processing referrals for service, conducting an investigation, and assessing the need for service.

A. INTAKE *

1. Record contact/referral * - The automated system must record initial contacts regarding allegations of abuse or neglect, or provide for the input of a formal referral for protective services, voluntary placement services, juvenile corrections and other services.
2. Collect intake/referral information * - The automated system must allow for input of available situation and demographic information, including the cross-referencing of relationships among participants and the reason for referral.
3. Search for prior history (persons/incidents) * - The automated system must provide for a search to the database(s) to check for prior incidents and other available information. For a single incident, the system must allow for more than one report of that incident by including information on each individual or agency making a report (such additional reports may or may not be counted in the total number of reports, depending on State policy).
4. Record "information only" requests - The automated system may provide for the recording of calls or contacts which do not involve a specific allegation or referral.

B. SCREENING *

1. Evaluate intake information * - The automated system must support the evaluation of the received information to determine the necessity of establishing a case.
2. Record the results of the screening evaluation * - The automated system must provide for the recording of the determination resulting from the screening process.
3. Establish case record * - The automated system must provide for the establishment of a new case, the association of a new allegation with an existing open case, or the re-opening of a closed case.
4. Assign case to worker * - The automated system must support and record the assignment of the case to a worker and for the tracking of that case through the process.
5. Refer for investigation and/or services, as appropriate * - The automated system must support the referral/transfer of the case for investigation, if necessary, or for assessment, if the allegation is not related to maltreatment.

C. INVESTIGATION *

1. Collect and record investigation information - The automated system may provide for the input of information collected during the investigation process, including the recording of contacts made during the investigation.
2. Record investigation decision * - The automated system must provide for the recording of the decision resulting from the investigation.
3. Generate documents as needed in response to investigation * - The system must support the preparation of alerts, notifications and reports required during, and as a result of, the investigative process.

D. ASSESSMENT *

1. Determine and record risk assessment * - The automated system must support the evaluation and determination of risk factors affecting the case (this may be initiated during intake or investigation).
2. Perform risk assessment - The automated system may perform an automated risk assessment, which may use rules-based technology to determine the relative level of risk.
3. Collect and record special needs/problems * - The automated system must assist in the determination and documentation of special needs/problems (e.g., special education, developmental disabilities, medical assessment, etc.).
4. Determine and record needed services * - The automated system must support the determination of needed services and record those services, including the assignment and recording of the level of care (placement locations, in-home care, etc.).
5. Record client contacts - The automated system may provide for the recording of client contacts in the electronic case folder.
6. Prepare and record referrals to other agencies -The automated system may provide for the preparation and recording in the electronic case folder of referrals to other agencies.
7. Collect and record further case information - The automated system may provide for the recording in the electronic case record of additional case information gathered during the assessment process.
8. Generate documents, notices and reports based on review as needed * - The automated system must support the generation of documents, notices, and reports during, or resulting from, the assessment process.

II. ELIGIBILITY

This function consists of determining programs for which funding support is available for clients receiving services. Program eligibility may include funding for foster care/adoption payments and determining the type of programs that will allow a client to receive Medicaid coverage. This function is usually initiated sometime during the Intake Function.

A. INITIAL ELIGIBILITY DETERMINATION *

1. Determine title IV-E eligibility * - The automated system must provide for the exchange and referral of information necessary to determine eligibility under title IV-E through an interface with the title IV-A system.
2. Verify eligibility for other programs * - The automated system must provide for the exchange and referral of information necessary to determine eligibility/status under other related programs such as title XIX (Medicaid) and title IV-D.
3. Record authorization decisions * - The automated system must provide for the recording of the eligibility authorization decisions.
4. Generate documents related to eligibility determinations * - The automated system must produce the alerts, notices and reports (e.g., exception reports) needed to provide information on and track the initial eligibility determinations.

B. CHANGES IN ELIGIBILITY *

1. Redeterminations * - The automated system must provide for the processing of regularly scheduled and as needed program redeterminations and recording of redetermination decisions.
2. Generate documents related to eligibility determinations * - The automated system must produce the alerts, notices and reports (e.g., exception reports) needed to provide information on and track the changes in eligibility status.

III. CASE MANAGEMENT

This function entails the preparation of service plans, determining whether the agency can provide the services, authorizing the provision of services, and managing the delivery of those services. The service/case plan must include the required elements specified in section 475.

A. SERVICE/CASE PLAN *

1. Prepare and document service/case plan * - The automated system must support case plan development by documenting the services, available in the State, that are required to meet the specific needs identified in the assessment function in such areas as:
 - adoption: record and track information about adoptive placements and post-adoptive services, including subsidy benefits
 - family preservation: institute in-home services to prevent the need for placement
 - foster care: determine and track level of care, placement information, reunification services, legal requisites
 - independent living: determine and track services to provide transitional living assistance for State foster care youths
 - interstate compact: process/submit supervision requests from/with other states for children and youth
2. Identify and match services to meet client's case plan needs - The system may provide automated support in the identification and matching of service needs and available resources.
3. Record contact with and acquisition of needed resources/services - The automated system may support and record the preparation of necessary service requests or referrals.

4. Track and update service/case plan * - The automated system must support the monitoring of the progress of plan and update of the service/case plan in the electronic case folder.
5. Match client to placement alternatives, if needed - The system may provide automated support in the identification and matching of clients with available placement alternatives.
6. Generate documents as needed * - The automated system must support the generation of alerts, notices, and reports as necessary to track the progress of the service/case plan.
7. Request and record supervisory approval of plan, if needed - The automated system may provide support for obtaining supervisory approval of the service/case plan.
8. Compute estimated and track actual costs of resources/services - The automated system may include a component which estimates and tracks the costs of required/ provided resources and services to assist in service/case plan management and tracking.
9. Identify program outcome measures - The automated system may include a component which identifies and tracks program outcome measures.

B. CASE REVIEW/EVALUATION *

1. Generate alerts to conduct case review/evaluation as needed * - The automated system must support the timely identification and continued tracking of cases requiring review/evaluation.
2. Conduct and record results of case review * - The automated system must support the case review process and provide for documentation of the reassessment decisions in the electronic case folder, including documentation of action items resulting from the reassessment.
4. Generate documents, notices and reports based on review as needed * - The automated system must support the generation of documents, notices, and reports during, or resulting from, the evaluation process.

5. Record collateral contacts - The automated system may provide for the recording of client collateral contacts and information resulting from those contacts.

C. MONITORING SERVICE/CASE PLAN SERVICES

1. Track and record services identified in the service/case plan - The automated system may provide for the recording in the electronic case folder of the types, duration, and frequency of services.
2. Generate documents, notices and reports * - The automated system must support the generation of documents, notices, and reports to track the services needed and provided to the client.

IV. RESOURCE MANAGEMENT

This function supports the maintenance and monitoring of information on an array of service providers, including prevention programs, placement services, and foster care providers.

A. FACILITIES SUPPORT *

1. Record and update provider information * - The automated system must support the collection and maintenance of provider information such as license/certification status, types of services, level of care provided, level of care compliance and cost of care.
2. Generate alerts/action items on licensing status changes * - The automated system must support the timely identification and continued tracking of cases and/or facilities requiring a review or other action as a result of a change in provider information.
3. Generate reconciliation and evaluation reports as needed * - The automated system must support the generation of documents, notices, and reports, as needed.

4. Record and track provider training - The system may be used to record and track provider training needs and training received.

B. FOSTER/ADOPTIVE HOMES SUPPORT *

1. Maintain and update foster care and adoptive home information as needed * - As appropriate to the type of home, the automated system must support the collection and maintenance of foster care and adoptive home information such as licensing decisions, violations and revocations, required AFCARS information and received training.
2. Record foster care home abuse/neglect allegations and investigation results * - The automated system must support the identification of foster care families where allegations of abuse/neglect have been reported and substantiated, as required by State law. The automated system must support the investigation of such allegations and document the results.
3. Process foster care/adoptive home applications - The automated system may provide for the recruitment and processing of foster care family applications.
4. Generate alerts/action items as needed if foster care license is revoked - The automated system may support the identification and tracking of cases requiring a review or other action as a result of changing information.

C. RESOURCE DIRECTORY

1. Maintain directory - The automated system may provide a directory/inventory of available resources and services.
2. Generate reports - The automated system may support the generation of management reports, as well as other alerts, bulletins, and notices related to resource availability.

D. CONTRACT SUPPORT

1. Process contracts and contract changes - The automated system may support the creation, processing, monitoring and modification of contracts.
2. Record contract monitoring results - The automated system may support efforts to monitor contractual compliance.
3. Generate alerts/action items as needed - The automated system may support the timely identification and continued tracking of cases requiring a review or other action as a result monitoring activities.
4. Generate documents as needed - The automated system may support the generation of notices and reports such as reconciliation and evaluation reports during, or resulting from, the monitoring of contract support.

V. COURT PROCESSING

This function encompasses an array of legal activities and documentation procedures involving judicial events requiring action on the part of the State agency.

- A. COURT DOCUMENTS - The automated system may provide for the preparation of State agency documents for the courts, such as petitions, letters, attorney approvals, and supervisory approvals.
- B. NOTIFICATIONS - The automated system may provide notifications to inform relevant parties of impending court actions.
- C. TRACKING - The automated system may be used to monitor and track court-related events requiring State agency action, such as recording and outcomes for all petitions, trials, hearings, detention proceedings, periodic reviews, adoptions, and change of placements. Court decisions may be recorded in the electronic case folder.

- D. INDIAN CHILD WELFARE ACT - The automated system may be used to support the Indian Child Welfare Act requirements.

VI. FINANCIAL MANAGEMENT

This function tracks and manages financial transactions. It may be part of the SACWIS itself or may be an automated interface to a department or statewide financial system.

- A. ACCOUNTS PAYABLE * - The automated system must provide support for accounts payable to providers (billing, vouchers, etc.).
- B. ACCOUNTS RECEIVABLE * - The automated system must provide support for accounts receivable (e.g., overpayments, trust funds, SSI, etc.).
- C. CLAIMS * - The automated system must provide support for the generation of provider payment and remittance advice. The automated system must support the update procedures necessary to adjust the claims process as a result of notification of status changes (including information received from title IV-A and other Federal/State programs), including termination of the case.

VII. ADMINISTRATION

This function incorporates procedures for ensuring support for efficient management of as well as reliable and accurate operation of the system.

- A. STAFF MANAGEMENT * - This function covers various aspects of agency human resources, maintaining information on employees, work assignments, and staff performance.
 - 1. Record and update employee information * - The system must contain records of employees, showing name, employee number and office. These records may also contain demographic information and results of Background Criminal Investigation (BCI) checks.

2. Record and track case assignment * - The system must provide for the assignment of cases to workers, track workload assignments and identify on-call staff.
 3. Assist in workload management - The system may support the decision-making process in the assignment of cases to workers and help workers to manage their own caseloads by providing "to do" lists and prioritization of alerts.
 4. Track employee training - The system may be used to track employee training needs and training received.
 5. Document employee performance - The system may be used to support the staff review and evaluation process.
- B. **REPORTING** * - This function produces information on a periodic and as-needed basis.
1. Produce Federal and State reports * - The system must generate required State and Federal reports (e.g., AFCARS) in either paper or electronic formats as required.
 2. Produce reports * - The system must generate regular and ad hoc management reports (e.g., workload status, client/case status, performance factors, outcome measures, etc.)
 3. Produce statistical reports * - The system must generate statistical reports needed to assist in the analysis of the program.
- C. **ADMINISTRATIVE SUPPORT** - This function incorporates procedures for assuring adequate documentation and accurate data.
1. Provide hardware and software security * - The hardware, telecommunications network, software applications and data must be secured to protect from damage, destruction and loss, as well as fraud and abuse. Contingency plans and disaster recovery plans should be tested and readied in case of an emergency.
 2. Archive and purge * - The system must provide for purging and archiving, as needed, of inactive records and closed cases.

3. Provide office automation - The system may provide office automation tools (e.g., word processing, ticklers, alerts, calendaring, electronic mail, system broadcast, etc.) apart and in addition to those tools available within the program functions.
4. Provide on-line system documentation - The system may provide an on-line policy/procedures manual, user guides, and other system documentation as needed, such as field help screens.
5. Provide on-line training - The system may provide on-line, computer-based training for system users.

VIII INTERFACES

This function creates an electronic link between the child welfare and other systems, to receive, transmit, and verify case and client information.

- A. **REQUIRED INTERFACES *** - To the extent practicable, the automated system must provide for a periodic electronic data interface with the following systems:
 1. Title IV-A (AFDC)
 2. Title IV-D (Child Support Enforcement)
 3. Title XIX (Medicaid)
 4. Child abuse and neglect data system
- B. **OPTIONAL INTERFACES** - The automated system may provide for interfaces with other automated systems within the State, such as:
 1. State Central Registry
 2. Social Security Administration for title II and SSI information
 3. State financial system
 4. State licensing system
 5. Vital Statistics
 6. Court system
 7. Juvenile Justice
 8. Mental health/retardation
 9. State Department of Education